



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

BARRY FUKUNAGA
DIRECTOR

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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

AMENDED SUBMITTAL.

ISSUANCE OF A DIRECT LEASE TO CASTLE & COOKE HOMES HAWAII, INC.
HONOLULU INTERNATIONAL AIRPORT

OAHU

APPLICANT:

CASTLE & COOKE HOMES HAWAII, INC., a Hawaii corporation authorized to do
business in the State of Hawaii

LEGAL REFERENCE:

Subsection 171-59(b), Hawaii Revised Statutes, as amended

AREA AND LOCATION: (As delineated on the attached Exhibit B)

<u>Area/Space</u>	<u>Tax Map Key No.</u>	<u>Area (Sq. Ft.)</u>
009 107B Improved, paved land	1-1-72:11 (portion of)	24,382.63
009 167 Improved, paved land	1-1-72:12	17,066.39
009 168 Improved, paved land	1-1-72:12	25,721.62
009 169A Improved, paved land	1-1-72:12	8,288.02
009-169B Improved, paved land	1-1-72:12	2,263.24
009 170 Improved, paved land	1-1-72:12	27,681.79
009 172 Improved, unpaved land	1-1-72:43	27,236.94
009 173 Improved, unpaved land	1-1-72:44	27,237.76
009 174 Improved, unpaved land	1-1-72:45	28,296.76
<u>Bldg/Room</u>	<u>Tax Map Key No.</u>	
217 101A	1-1-72:12	18,104.90
217 101B	1-1-72:12	14,968.92

ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Section 5(a), "non-ceded" land of Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order 3201, setting aside a portion of Honolulu International Airport under the control and management of the Department of Transportation, Airports Division, State of Hawaii, for Airport purposes

CHARACTER OF USE:

1) Development, construction, operation, and maintenance of a general aviation fixed base facility; and 2) Conduct commercial general aviation activities

COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date

TERM OF LEASE:

Thirty-five (35) years

ANNUAL GROUND LEASE RENTAL:

First Five (5) Years (Lease Years 1 through 5): \$478,089.60 per annum, payable in monthly installments of \$39,840.80, in advance, based upon the present ground lease rental rate of \$1.92 per square foot per annum for improved/unpaved general aviation land, \$2.08 per square foot per annum for improved/paved general aviation land, and \$4.16 per square foot per annum for improved/paved industrial land at Honolulu International Airport

Second Five (5) Years (Lease Years 6 through 10): \$535,460.35 per annum, payable in monthly installments of \$44,621.70, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$478,089.60) and 112%.

Third Five (5) Years (Lease Years 11 through 15): An annual rental of 112% times the annual rental for the last year of the immediately preceding five-year period (10th year) of the lease term.

Fourth Five (5) Years (Lease Years 16 through 20): An annual rental of 112% times the annual rental for the last year of the immediately preceding five-year period (15th year) of the lease term.

REOPENING OF ANNUAL GROUND RENTALS:

For the fifth, sixth and seventh five (5)-year reopening lease periods, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

PERFORMANCE BOND:

Sum equal to the annual ground lease rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENTS:

The Lessee shall, within 12 months of the commencement date of the Lease, invest the sum of not less than \$1,000,000 for upgrading and improving the leased premises and constructing general aviation fixed base facility improvements and other accessory, fixed leasehold improvements on the leased premises. The upgraded and improved leased premises and fixed base facility improvements and other accessory, fixed leasehold improvements shall be constructed in accordance with construction plans, drawings and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

WAIVER OF RENT:

Ground lease rents payable to the Department of Transportation shall be waived at the beginning or commencement date of the Lease for a period of 12 months.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site
Improvements: Castle & Cooke Homes Hawaii, Inc. desires to develop, construct, operate, and maintain a general aviation fixed base facility on the proposed leased premises.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan which would accommodate the forecast general and

commercial aviation needs of the island of Oahu through the year 2005 and was prepared for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposes to issue a direct lease to Castle & Cooke Homes Hawaii, Inc. for the purpose of: (1) developing, constructing, operating, and maintaining a general aviation fixed base facility and other related accessory improvements; and (2) conducting commercial general aviation activities at Honolulu International Airport.


RECOMMENDATION:

That the Board authorize the Department of Transportation to issue a direct lease to Castle & Cooke Homes Hawaii, Inc., subject to: 1) terms and conditions herein outlined, which are by reference incorporated herein; 2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and 3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,


BARRY FUKUNAGA
Director of Transportation

APPROVED FOR SUBMITTAL:


PETER T. YOUNG

Chairperson and Member

Allen A. Smith

Interim

